

EARNED INCOME CALCULATION - SELF-EMPLOYED PERSONS

- A. Assistance unit members are self-employed when they:
1. Build their own business
 2. Establish their hours of operation
 3. Set their rates of pay
 4. Maintain their own accounting information, which includes:
 - Records of earnings
 - Bills for incurred expenses
- B. To determine the gross monthly earnings of a self-employed assistance unit member:
1. Deduct 50% of the gross self-employed earned income (the cost to produce is included)
 2. Subtract out of pocket child care expenses (no more than \$200 per month per child if employed full-time or no more than \$100 per month per child if employed part-time)
 3. Subtract verified child support payments to persons outside of the household
 4. Subtract verified alimony payments made by the stepparent or the sponsor to persons outside of the household
- C. The remaining amount is the net countable earnings. If the net countable earnings are greater than the TCA grant amount for the family size, the family is ineligible for TCA benefits
- D. CARES will calculate the correct grant amount if all information is entered correctly

<p>Note: Self-employed persons are required to file quarterly reports with the Internal Revenue Service. The report can be used to verify the income of the self-employed assistance unit member. However, the best source to use is the most recent income tax returns of the self-employed person.</p>

CHAPTER: IX FINANCIAL ELIGIBILITY	SECTION: 8 SELF EMPLOYMENT	COMAR: 07.03.03.13
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EXAMPLES:

Example 1. Mrs. Dorchester has been approved as an adult day care provider. She will earn \$600 per month. She receives \$328 a month in TCA benefits for herself and a daughter. As a self-employed person working from her home, she will not have any child care expenses.

\$600 = Gross monthly earnings

-300 = 50% disregard

\$300 = Net countable earnings

\$328 = TCA benefit amount for a family size 2

-300 = Net Countable earnings

\$ 28 = TCA benefit grant amount

Example 2. Mr. Garrett receives \$328 a month in TCA benefits for himself and a son. He has 2 roomers in his home and charges each roomer \$200 a month. He has no other income or assets.

\$400 = Gross monthly earnings

-200 = 50% disregard

\$200 = Net countable earnings

\$328 = TCA benefit amount for a family size 2

-200 = Net countable earnings

\$128 = TCA benefit grant amount

Note: The calculation used to determine the gross monthly income of the self-employed person in the TCA program is different than the Food Stamp program. The Food Stamp program applies a **30%** disregard, followed by a **20%** earned income deduction.